



6705 Sugarloaf Parkway, Suite 200
Duluth, GA 30097
(770) 476-9625 • (800) 768-4282



May 7, 2007

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Proposed Subprime Mortgage Lending Statement

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the proposed Subprime Mortgage Lending Statement issued jointly by the federal financial regulatory agencies. GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 185 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

GCUL shares the Agencies' concern that certain subprime borrowers may not fully understand the criteria and underlying risks that some adjustable-rate mortgage (ARM) loan products provide. Credit unions have a well-deserved reputation for serving low-to-moderate income borrowers that often fall into this category of borrower. However, credit unions also have a well-earned reputation for being pro-member, pro-consumer, pro-disclosure and for not placing borrowers in predatory loan products that may have a negative impact on their future ability to make payments.

While we believe there are justifiable circumstances that warrant various ARM options, we do not believe there is ever justification for the absence of full and fair disclosure or anything short of complete consumer understanding of the options and risks present with the loan product.

The following are specific comments, as requested by the Agencies, concerning the Proposed Statement on Subprime Mortgage Lending:

1) Do these types of subprime mortgage loans present inappropriate risks to lenders and borrowers that should be discouraged or are there circumstances in which these types of loans are appropriate?

We believe these loans provide little risks to both the lender and the borrower when they are utilized properly...with full understanding by the member of the terms and risks and with sound underwriting policies by the lender. However, inappropriate risks abound when the particular loan product is provided to those consumers who are not properly informed of the risks and are ill prepared to deal with the possible scenarios.

2) Will this Statement unduly restrict the ability of existing subprime borrowers to refinance their loans in order to avoid the "payment shock" that is associated with sharp increases in the monthly payments when the rate increases? What is the availability of mortgage loans that do not include the risk of "payment shock?"

We do not believe this will unduly restrict existing subprime borrowers. The Statement simply informs the consumer of what could happen, not what will happen. Fixed rate loans and long-term balloon loans are two examples of loans that are available that would not include a "payment shock" scenario.

3) Should the principles in this Statement apply beyond the subprime ARM market?

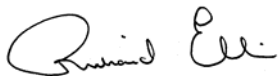
The consumer protections principles described in the Statement include approving loans based on the borrower's ability to repay and providing information that enables consumers to understand the material terms of the loan at a time that will help the consumer choose among loan products and payment options. We support this approach.

4) Will limiting prepayment penalties to the initial fixed rate period help borrowers determine appropriate actions with regard to their loans?

Most credit unions are prohibited from imposing prepayment penalties. However, we believe that limiting prepayment penalties to the initial fixed rate period will help borrowers determine appropriate actions and would encourage refinancing or payoff before "payment shock" becomes an issue. In addition, this would also discourage other lenders from writing super-short-term paper.

Thank you for the opportunity to comment on the Proposed Subprime Mortgage Lending Statement. If you have questions about our comments, please contact Cynthia Connelly or me at (770) 476-9625.

Respectfully submitted,



Richard Ellis
Vice President/Credit Union Development
Georgia Credit Union League